



**DURHAM CATHOLIC  
DISTRICT SCHOOL BOARD**  
*Learning and Living in Faith*

## Memorandum

To: Board of Trustees

From: Tracy Barill, Director of Education

Date: February 28, 2024

Subject: **Educational Development Charge By-laws Report**

Origin: Scott Grieve – Superintendent, Finance, Business and Facilities Services

### Purpose

The Durham Catholic District School Board receive information on the Educational Development Charge (EDC) Methodology and Proposed Charges for the Draft EDC By-Law as part of a presentation (attached) from Quadrant Advisory Group and Overland LLP.

### Rationale

The process and methodology to impose or renew Education Development Charges (EDC) is guided by Provincial legislation. Section 257.61 of the Education Act **states**, “before passing an education development charge by-law, the Board shall complete an Education Development Charges Background Study.” The attached document contains the EDC Background Study report for the Durham Catholic District School Board that sets out the EDC requirements.

The document also contains the background report pertaining to a “Review of the Education Development Charges Policies” of the Durham Catholic District School Board consistent with the legislative requirements to conduct a review of the existing EDC policies of the Board prior to consideration of adoption of a successor EDC by-law.

Finally, this report includes a copy of the proposed EDC by-law which designates the categories of development, as well as the uses of land, buildings and structures on which EDCs shall be imposed, in specifying the areas in which the established charges are to be imposed.

TB/SG/tc

# Education Development Charges Policy Review Public Meeting



**Durham DSB and Durham Catholic DSB**  
**February 28, 2024**

# EDC Policy Review

- Durham DSB adopted a jurisdiction-wide EDC by-law on April 10, 2019 and Durham Catholic DSB on April 15, 2019; both with an implementation date of May 1, 2019
- The current EDC by-laws will expire on April 30, 2024
- Both by-laws reflected the legislative ‘capped’ rate provisions imposed by the province as of March 29, 2019
- The legislative rate ‘cap’ limits the annual increase to \$300 per residential unit and \$0.10 per sq ft of non-residential GFA (5%)
- Current EDC Rates:
  - DDSB - \$3,449 per residential dwelling unit
  - DCDSB - \$2,286 per residential dwelling unit
- Successor by-laws must be adopted no later than April 26<sup>th</sup> to avoid any interruption in collection of EDCs (i.e. there is a 5-day waiting period prescribed in the legislation)

# EDC Policy Review – Legislative Basis

- EDCs are charges imposed by school boards on new residential and non-residential development (where applicable) at the building permit issuance
- The funds collected may only be used by the Boards to acquire land needed to address growth-related student accommodation pressures in areas of new residential development. Eligible costs include the acquisition and the preparation of the land to make the site “building ready”. Eligible costs may also include an ‘interest in land’ if approved by the Minister of Education
- Legislation requires that a board conduct a review of the existing EDC policies before passing a new EDC by-law – this meeting
- Discussion of existing policies is set out in Appendix C of the February 13, 2024 EDC Background Study and Policy Review reports, which are posted to each Board’s website

# EDC Policy Review – Key Policies

## 1. By-law Structure

### Considerations:

- Boards may adopt jurisdiction-wide (i.e. one set of charges through all of the jurisdiction); or one or more area-specific by-laws (i.e. different rates in portions of the jurisdiction – i.e. a different rates in Pickering, Ajax, Whitby, Oshawa and Townships for example)
- There is no financial advantage to the board, or to any particular municipality or community, in adopting area specific by-law structure and no EDC board has done so
- The legislation does provide for ‘regional’ by-law structures (i.e. this is a regional by-law in that Clarington is excluded from the by-law jurisdiction)
- The proposed JW by-law structure is based on area-specific land needs (i.e. review areas and portions of review areas) without the complication of AS by-laws
- There are a number of disadvantages to adopting AS by-law structures including:
  - Development community stakeholders have consistently preferred the average costing approach inherent in the JW by-law structure – reduces potential for appeal
  - Risks of reduced recovery of growth-related costs where attendance boundaries and accommodation strategies change over time
  - AS structure would need to identify future new school boundaries over 15 years and ensure that there is no crossover between areas - secondary needs in particular are often attributable to development in multiple areas
  - Need Minister’s permission to spend funds collected in one by-law area, in another

# EDC Policy Review – Key Policies

## 1. By-law Structure – Disadvantages of AS By-law Structures

- Multiple EDC accounts restrict ability to match timing and location of growth-related site needs
- Monies collected in one area-specific by-law cannot be spent outside of that area, without advance permission of the Minister (as part of EDC Submission approval)
- Cannot adopt separate by-laws for elementary and secondary needs in each AS area
- Inconsistent with provincial policies supporting affordable housing
- Could not easily move from AS structure to JW structure at a later date (legislation does not contemplate this)
- Inability to have sufficient funds in AS account when required and no internal funding source to fund shortfall
- Considerable potential to strand funds (if pupils are held in schools outside of the by-law area)
- Exponential increase in administration of by-laws and no legislative guidance if later boards decide to revert to JW by-laws

A jurisdiction-wide by-law has been prepared for adoption based on the findings throughout the EDC Background study



# EDC Policy Review – Key Policies

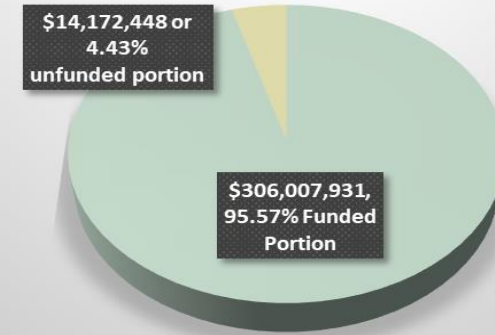
## 2. Recovery of Net Education Land Costs

### Considerations:

- Prior to March 2019, all EDC by-laws in Ontario were structured on the basis of recovery of 100% of net education land costs over the long term (no more-no less than land acquisition and site development costs to address growth-related needs)
- No tax-based funding source to make up for shortfalls
- Capital allocations for land related to enrolment growth are not available from the Province where a school board is EDC eligible
- In most jurisdictions, the legislative rate ‘cap’ restricts the ability to recover 100% of the net education land costs and the funding shortfall will continue to grow unless the cap is removed
- An analysis was undertaken to determine the maximum revenue that could be derived under various iterations of residential and non-residential rates, in order to maximize recovery of net education land costs
- The legislative ‘cap’ itself generates funding shortfalls of at minimum:

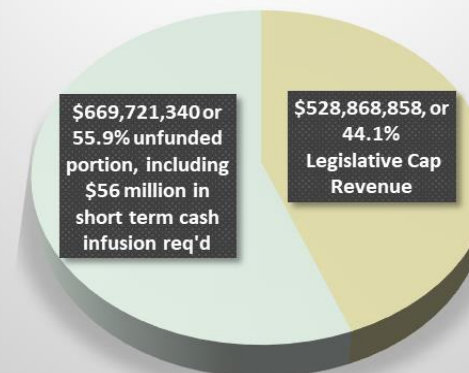
### Durham Catholic DSB

#### \$320,180,379 in Net Education Land Costs (NELC)



### Durham DSB

#### \$1,142,590,198 in Net Education Land Costs (NELC)



## 3. Non-Statutory Exemptions

### Considerations:

- No funding source to absorb the cost of providing non-statutory exemptions (e.g. affordable housing as a use)
- EDC boards generally do not include non-statutory exemptions in their by-laws
- Any post by-law adoption discretionary exemptions would require amendment to the by-law and must be applied consistently across the by-law area
- More recent interpretation of statutory exemptions for secondary dwelling units would only apply to the principal residence

## 4. Portion of Net Education Land Costs to be Recovered from Residential versus Non-residential Development

### Considerations:

- Non-residential share can range from 0% to 40% of total costs
  - For most EDC by-laws 10-15% of costs are recovered from non-residential development, with the remainder from residential development
- The Durham Boards currently recover 100% of net education land costs from residential development



# EDC Policy Review – Key Policies

## 4. Portion of Net Education Land Costs to be Recovered from Residential versus Non-residential Development cont'd

- Considerations re maximizing recovery of net education land costs should the legislative rate ‘cap’ remain in place
- A residential/non-residential share of 94-95% residential and 5-6% non-residential would maximize short and longer term recovery of net education land costs

**Projected Recovery of Net Education Land Costs  
under Various Residential/Non-residential Shares**

Durham District School Board					
Residential Share	Non-residential Share	Projected EDC Revenues over 15-year Forecast Period	Projected EDC Revenues over 25-year Forecast Period	Potential Increased Revenue 15 years	Potential Increased Revenue 25 years
100%	0%	\$503,456,677	\$1,124,382,009	\$0	\$0
97%	3%	\$525,779,569	\$1,148,545,108	\$22,322,892	\$24,163,099
95%	5%	\$528,868,858	\$1,182,874,731	\$25,412,181	\$58,492,722
94%	6%	\$528,868,858	\$1,185,822,005	\$25,412,181	\$61,439,996
90%	10%	\$528,868,858	\$1,154,292,755	\$25,412,181	\$29,910,745

Durham Catholic District School Board					
Residential Share	Non-residential Share	Projected EDC Revenues over 15-year Forecast Period	Projected EDC Revenues over 25-year Forecast Period	Potential Increased Revenue 15 years	Potential Increased Revenue 25 years
100%	0%	\$304,225,670	\$517,679,256	\$0	\$0
97%	3%	\$306,119,138	\$531,319,001	\$1,893,469	\$13,639,745
95%	5%	\$306,257,138	\$531,457,001	\$2,031,469	\$13,777,746
94%	6%	\$306,007,931	\$531,207,794	\$1,782,261	\$13,528,538
90%	10%	\$302,255,342	\$527,455,204	-\$1,970,328	\$9,775,949

DDSB and DCDSB Total Projected Revenue					
Residential Share	Non-residential Share	Projected EDC Revenues over 15-year Forecast Period	Projected EDC Revenues over 25-year Forecast Period	Potential Increased Revenue 15 years	Potential Increased Revenue 25 years
100%	0%	\$807,682,346	\$1,642,061,265	\$0	\$0
97%	3%	\$831,898,707	\$1,679,864,109	\$24,216,361	\$37,802,844
95%	5%	\$835,125,996	\$1,714,331,732	\$27,443,650	\$72,270,468
94%	6%	\$834,876,789	\$1,717,029,799	\$27,194,442	\$74,968,534
90%	10%	\$831,124,200	\$1,681,747,959	\$23,441,853	\$39,686,694

# EDC Policy Review – Key Policies

## 5. Differentiated EDC

### Considerations:

- Board may choose to have a singular EDC rate for all residential unit types, or differentiated by density type
- EDC boards determine differentiated residential rates based on pupil generation per unit type, although alternative methodologies have been proposed, the Province has not implemented any changes as yet
- Using pupil generation as the basis for differentiated charges makes the differential between low density and high density greater than DC differential
- Stakeholders have historically preferred singular rate, consistent with averaging of costs and rates

## 6. Demolition Credits

### Considerations:

- Legislative provisions require Boards to provide demolition credits for a period of up to two (2) years for residential development and five (5) years for non-residential development
- The Durham Boards EDC by-laws incorporates a 2-year grace period for residential

# EDC Policy Review – Key Policies

## 7. Conversion Credits

### Considerations:

- No legislative provisions specifically dealing with conversion of use
- Some boards offer limited EDC conversion credits
- The existing Durham EDC by-laws do provide for redevelopment credits; not conversion credits

## 8. By-law term

### Considerations:

- The maximum term of five-years is typically adopted
- The Durham EDC by-laws carry a five-year term
- Board can amend the by-law or pass a new one earlier, if necessary (ongoing monitoring to account for land cost increase)
- Consistency with each Board's capital planning process is a consideration

# EDC Policy Review – Key Policies

## 9. **Alternative Accommodation Arrangements**

### Considerations:

- Requirement that the Boards contemplate “arrangements” for both land and buildings, where feasible
- Requirement that EDC boards develop criteria for evaluating potential Alternative Projects and meet with development community stakeholders to seek their input
- While the requirement that a board adopt a policy respecting alternative accommodation arrangements has been removed from the legislation, the legislation still permits a landowner to provide land for a school site in lieu of EDC credits

## 10. **Need to Conduct Further Public Meeting**

Board must determine through resolution whether any additional public meetings are required

# EDC By-law Adoption Process – Next Steps

## Stakeholder Sessions

- EDC reports have been sent to Ministry and coterminous boards
- Sent EDC reports to BILD Durham Chapter with request for meeting and to seek input re potential for future Alternative Projects
- Meeting with municipalities to review by-law definitions and collections administration/reporting

## Policy Review Public Meeting – Meeting #1 February 28, 2024

### 1<sup>st</sup> Successor By-law Public Meeting – Meeting #2 February 28, 2024

- Presentation of EDC Background study approach and recommendations and EDC by-law.
- Proposed EDC rates for Board consideration.
- Inviting stakeholder input.

## By-law Adoption Public Meeting – Meeting #3 April 15, 2024 for the DDSB and April 22, 2024 for the DCDSB

- Recommendations will be presented re: policy decisions and proposed EDC rates.
- Trustees to consider adoption of by-law, following invitation for stakeholder input.
- Provide municipal Building/Finance staff with updated EDC rates and clarify by-law definitions